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10/597,056	07/10/2006	Woo Sung Lee	56587.24	5348

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EXAMINER	
UBER, NATHAN C	
ART UNIT	PAPER NUMBER
3622	

NOTIFICATION DATE	DELIVERY MODE
06/20/2008	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

pto-sl@huschblackwell.com

Office Action Summary	Application No.	Applicant(s)	
	10/597,056	LEE, WOO SUNG	
	Examiner	Art Unit	
	NATHAN C. UBER	3622	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *23 April 2008*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *21-35* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *21-35* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *23 April 2008* is/are: a)☒ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Status of Claims

1. This action is in reply to the amendment filed on 23 April 2008.

2. Claims 1-20 have been canceled.

3. Claims 21-35 are currently pending and have been examined.

Specification

4. The abstract of the disclosure was objected to because the abstract was not provided on a separate sheet and because the first sentence included a self evident clause, *the present invention relates to…* Examiner's objection is hereby rescinded.

Examiner's Previous Claim Rejections – 35 USC §§ 112, 101, 102 and 103

5. Examiner's previous claim rejections of claims 1-20 are moot because claims 1-20 have been cancelled.

Claim Rejections - 35 USC § 112

6. The following is a quotation of the first paragraph of 35 U.S.C. 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

7. Claim 26 is rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor, at the time the application was filed, had possession of the claimed invention. The claim further defines *generating a predicted expense* by additionally *considering at least one predetermined multiplier*. There is no recitation or explanation of a *predetermined multiplier*

anywhere in the initial disclosure. A multiplier could be many things in this context. For example predicted expense is based on a bid price multiplied by the expected action rate (e.g. number of clicks, or number of impressions, etc.), so a multiplier could be either of those data points. Alternatively a multiplier could be an amount determined based on account history or based on industry experience that is used to correct noise or error in statistical computations. The *predetermined multiplier* could be many things. The initial disclose is silent about how and when this multiplier is determined and which party determines it (is it applied by the advertiser, or computed by the server?). Accordingly this limitation has not been sufficiently described to permit one having ordinary skill in the art to make or use the invention. For the purposes of this examination, Examiner interprets *a predetermined multiplier* to be any data point that is ordinarily multiplied when calculating expenses related to an advertising campaign.

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

9. The factual inquiries set forth in *Graham* **v.** *John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

10. **Examiner's Note**: The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the

specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.

11. Claims 21-35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cheung et al. (U.S. 7,043,471).

Claims 21 and 35:

Cheung, as shown, discloses the following limitations:

- *generating a predicted expense associated with a search word for a first advertising period based, at least in part, upon statistical data of prior actual clicks for a predetermined advertising period, the predicted expense being associated with expected clicks and a unit click cost associated with the search word* (see at least column 23, lines 22-30),
- *providing to an advertiser over a network the predicted expense for the first advertising period* (see at least column 23, lines 22-26),
- *receiving payment for an advertisement from the advertiser, the payment being associated with the predicted expense* (see at least column 12, lines 46-55),
- *maintaining a search information database including a search listing associated with the advertisement, in response to receipt of the payment, the search listing being associated with the search word*
- *receiving a search request from a user, the search request including the search word* (see at least column 7, lines 54-59 and column 17, lines 46-48),
- *identifying the search listing associated with the search word in response to the search request from the user, thereby placing the search listing in*

accordance with a predetermined advertising rule (see at least column 18, lines 47-49 and 55-57),

- *assessing actual cost for the advertisement based, at least in part, upon a number of actual clicks on the search listing in accordance with a predetermined rule* (see at least column 6, line 48-52),
- *updating account information of the advertiser based, at least in part, upon the actual cost* (see at least column 19, lines 50-53),

With regard to the following limitation, Cheung does not use the words *free advertising period* because when a reserve fund is empty Cheung contemplates either no longer displaying the advertisement or invoicing the advertiser (see at least column 24, lines 6-8 and 10-14). However, Cheung, as shown, discloses the remaining limitations:

- *if the actual cost exceeds the predicted expense, providing the advertiser with a free advertising period during the remaining time period of the first advertising period without charging beyond the predicted expense, the free advertising period being a period of time in which advertisings are served but the advertiser's account for the advertisement is depleted* (see at least column 4, lines 19-23, see also column 24, lines 6-8 and 10-14, invoicing an advertiser for over-delivered clicks is not necessarily different from providing the clicks for free because if the advertiser doesn't pay the bill the Cheung invention will have provided the advertising for free),

Cheung discloses the phenomenon of advertisers contracting payment limits for advertising (clicks) for periods of time and receiving free advertisements if advertisements (clicks) are served to users exceeding those limits (see at least column 4, lines 19-23). Rather than allowing free advertising, Cheung takes the position that free advertisements are a defect in the art (see at least column 4, lines 19-23) and seeks to prevent them from being distributed (see at least column 24, lines 6-11). It would have been obvious to one having ordinary skill in the art at the time the invention was made to

disagree with Cheung's position that free advertisements are a defect in the art and to alternatively award free advertisements to advertisers because the Cheung invention has the capability to predict, detect, report and award free clicks and because Cheung presents the option of awarding free advertisements verses not awarding them (see at least column 4, lines 19-23). In other words creating a method to anticipate advertising costs, as in the Cheung invention, with the only difference between the inventions being whether or not to charge an advertiser for traffic in excess of the prediction constitutes only an obvious variation of the Cheung invention, especially in light if Cheung's disclosure. Further it is old and well known in the business arts that when a bidding business miscalculates or misquotes a project, that the business must absorb any extra expense in favor of retaining the future business of the customer and generating good will. For example, when contractors provide bids or quotes for a project, they estimate their labor cost. If the project ultimately requires more labor hours than the contractor anticipated, the contractor will absorb that cost (i.e. provide free labor). Of course the contractor has the option to bill for the extra time as well, but it is more common in such a situation for the contractor to instead inform the customer that the contractor absorbed the extra hours to create good faith and pave the way for repeat patronage. Therefore, here, it would have been obvious for one having ordinary skill in the art at the time the invention was made to try awarding free clicks rather than bill for them since there are a finite number of identified, predictable potential solutions for handling the extra click situation and one having ordinary skill in the art could have pursued the known potential solutions with a reasonable expectation of success.

Claim 22:

Cheung, as shown, discloses the following limitations:

- *generating the statistical data of prior actual clicks for a predetermined previous period* (see at least column 24, lines 41-51, "[t]he reports may include… number of clicks"),

- *generating a number of expected clicks based, at least in part, upon the statistical data, wherein the number of expected clicks is calculated on a basis of regression* (see at least column 23, lines 26-30),
- *calculating a maximum number of expected clicks during a predetermined period based, at least in part, upon the number of expected clicks* (see at least column 23, lines 39-41),
- *generating the predicted expense based, at least in part, upon the maximum number of expected clicks* (see at least column 23, lines 39-41).

Claims 23 and 25:

Cheung, as shown, discloses the following limitations:

- *setting a number of expected clicks (Y') by the regression, as…* (see at least column 23, lines 36-41, …implementation of a software counting mechanism as is well known in the art…").

Claim 24:

Cheung, as shown, discloses the following limitations:

- *the number of expected clicks (Y') is set by further considering information on a number of impressions during a particular period or information on a number of season-oriented clicks* (see at least column 24, line 44-52, "…number of impressions…").

Claim 26:

Cheung, as shown, discloses the following limitations:

- *the step of generating a predicted expense further considers at least one predetermined multiplier based on the statistical data* (see at least column 23, lines 36-41)

Claim 27:

Cheung, as shown, discloses the following limitation:

- *actual clicks* (see at least column 23, line 39)

- *maximum number of expected clicks* (see at least column 23, lines 39-41)

Cheung does not specifically disclose *comparing* a predicted number of clicks for a given period to the actual number of clicks that occurred in that period as claimed in the limitation below. However Examiner takes **Official Notice** that it is old and well known in the art to compare expectations for an advertising campaign over a given period of time to the actual results.

- *comparing the number of actual clicks with the maximum number of expected clicks,*

Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to include among Cheung's many reporting features (see column 24 generally) a report that compared expected cost/clicks to actual cost/clicks for a given period because the Cheung invention already compiles the necessary information and such a comparison would help advertisers "fine-tune [their] projected cost estimates" (column 24, lines 10-11).

Claim 28:

Cheung, as shown, discloses the following limitations:

- *determining a valid click, wherein said step of determining a valid click comprises the steps of* (see at least column 26, lines 16-19),
- *receiving a click on the search listing from the user* (see at least column 26, lines 16-17),
- *obtaining a first identifier associated with the search listing clicked by the user* (see at least column 26, lines 26-27),
- *in case that the first identifier is identical to a second identifier associated with the search listing clicked within a predetermined time period, determining that the click is invalid* (see at least column 26, lines 26-29 and 17-19),

- *counting clicks on the search listing in accordance with the predetermined rule, excluding the clicks determined to be invalid* (see at least column 26, lines 21-23, "…[t]he filters may be run on different subsets of data at different times...").

Claim 29:

Cheung, as shown, discloses the following limitations:

- *said step of determining a valid click is performed every predetermined time period during the predetermined advertising period* (see at least column 26, lines 21-23, "…[t]he filters may be run on different subsets of data at different times...").

Claim 30:

Cheung, as shown, discloses the following limitations:

- *in case that a request for cancellation of an advertisement is received from the advertiser within the predetermined advertising period, said step of determining a valid click is ceased at the time of the cancellation* (see at least column 26, lines 21-23, "…[t]he filters may be run on different subsets of data at different times...").

Claim 31:

Cheung, as shown, discloses the following limitations:

- *transmitting information on a test amount to an account associated with the advertiser; receiving data related to the bidding process from the advertiser; and determining whether the test amount is identical to the data related to the bidding process from the advertiser* (see at least column 27, lines 20-25, retrieve an account balance and evaluate account status).

Cheung does not disclose transmitting test amounts, but as shown, Cheung does disclose evaluating the account status to confirm transactions. Examiner takes **Official Notice** that it is old and well known in the art to verify account status and that there are

many methods for doing so including testing an account. It would have been obvious to one having ordinary skill in the art at the time of the invention to employ alternate methods of verifying customer accounts such as testing an account because different methods produce different results and it may be beneficial to have a record of a testing event rather than rely on a status indicated by a computer.

Claim 32:

Cheung, as shown, discloses the following limitations:

- *generating information on a trend of clicks based on the number of actual clicks within the advertising period* (see at least column 24, line 9, "general pattern"),
- *generating the predicted expense based on the trend of clicks* (see at least column 23, lines 47-48).

Claim 33:

Cheung, as shown, discloses the following limitations:

- *maintaining a present information database for recording information on a present state of the advertisement associated with the advertiser* (see at least column 23, lines 22-67 and column 24, "account management menu"… several sections to view information related to the advertiser's campaign…),
- *providing the advertiser with the information on the present state of the advertisement* (see at least column 23, lines 22-23, "[t]he 'account management' menu also may provide *advertisers* with…" emphasis added),
- *wherein the information on the present state of the advertisement includes at least one selected from a group consisting of return on investment (ROI), unique visitor (UV), click through rate (CTR), a number of clicks and a number of impression associated with the search listing during the advertising period* (see at least column 24, lines 48-49, "number of clicks… number of impressions").

Claim 34:

Cheung, as shown, discloses the following limitations:

- *the unit click cost is set by satisfying the steps of receiving at least one bid price associated with at least one arranged location of the search listing from at least one advertiser* (see at least column 6, lines 66-67 through column 7, lines 1-2),
- *accepting one bid price satisfying a predetermined condition among the at least one bid price for each of the at least one arranged location of the search listing* (see at least column 7, line 43),
- *setting the accepted bid price to be a unit click cost* (see at least column 7, line 43).

Response to Arguments

12. Applicant's arguments filed 23 April 2008 have been fully considered. The arguments regarding claim rejections under 35 U.S.C. §102 are moot in light of the above new grounds of rejection. All claims are rejected under 35 U.S.C. §103 above. Further the arguments regarding claim rejections under 35 U.S.C. §103 are addressed below. Applicant states "[a]t best, Cheung is nothing but an invitation to experiment with contrary direction on how to design free advertisement for internet advertising charging models associated with a click-through... [t]he only direction is through the application of forbidden hindsight." When there are only finite options for addressing a situation, the substitution of one option for another constitutes an obvious variation. Therefore a prior art reference that "invites experimentation" to substitute options among a finite number of predictable options is a sufficient basis for an obviousness rejection. Further, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made,

and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

13. Applicant also concludes that the Cheung reference teaches away from Applicant's invention because "a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant." Cheung neither expressly nor impliedly teaches away from applicant's invention. Expressly teaching away requires a direct recitation that a particular approach would disrupt the proper function of the invention or render the invention inoperable. Here Cheung does not make such an assertion. Impliedly teaching away is similar to expressly teaching away, except that the prior art does not expressly state the teaching away, but it is clear from the disclosure that a particular variation of the invention would render in inoperable. For example see *In re Gordon* (733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984)) in which the court ruled that a patent issued to French taught away from inverting a gravity assisted strainer, because the gravity assisted strainer could not operate properly inverted. Here simply neglecting to follow the step of invoicing for over-charged ads (i.e. providing free ads) does not render the Cheung method useless or inoperable. Cheung therefore, neither expressly nor impliedly teaches away. (See at least Barry, Lance L., *Teaching A Way Is Not Teaching Away*, Journal of the Patent and Trademark Office Society, December 1997, 867-882.)

Conclusion

14. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

15. A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

16. **AFTER FINAL PRACTICE –** Consistent with MPEP § 706.07(f) and 713.09, prosecution generally ends with the final rejection. Examiner will grant an interview after final only when applicant presents compelling evidence that "disposal or clarification for appeal may be accomplished with only nominal further consideration" (MPEP § 713.09). The burden is on applicant to demonstrate this requirement, preferably in no more than 25 words. Amendments are entered after final only when the amendments will clearly simplify issues, or put the case into condition for allowance, clearly and without additional search or more than nominal consideration.

17. Applicant may have after final arguments considered and amendments entered by filing an RCE.

18. Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **Nathan C Uber** whose telephone number is **571.270.3923.** The Examiner can normally be reached on Monday-Friday, 9:30am-5:00pm. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **Eric Stamber** can be reached at **571.272.6724**.

19. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://portal.uspto.gov/external/portal/pair <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at **866.217.9197** (toll-free).

20. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

P.O. Box 1450, Alexandria, VA 22313-1450

or faxed to **571-273-8300**.

21. Hand delivered responses should be brought to the **United States Patent and Trademark Office Customer Service Window**:

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401 Dulany Street

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/Nathan C Uber/ Examiner, Art Unit 3622
13 June 2008

/Arthur Duran/

Primary Examiner, Art Unit 3622

6/16/2008